

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

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DEPARTMENT PASS TREASURY AND FRB

E.O. 11652: N/A

TAGS: EFIN, EEC

SUBJECT: EC MAKES SLOW PROGRESS ON UMBRELLA DIRECTIVE TO REGULATE
EC BANKS

REFS: A. EC BRUSSELS 2657

B. EC-A-391, 12/18/74

1. AN EC COUNCIL WORKING GROUP HAS MET TWICE TO CONSIDER
THE PROPOSED UMBRELLA DIRECTIVE TO HARMONIZE EC BANKING
REGULATIONS. PROGRESS HAS BEEN SLOW. THE DIRECTIVE
IS NOT LIKELY TO BE ADOPTED BY EARLY NEXT YEAR, THE
COMMISSION'S TARGET DATE. NEVERTHELESS, BOTH COMMISSION
AND PERM DEL SOURCES SAY MEMBER STATES GENERALLY FAVOR ITS
ADOPTION.

2. THE WORKING GROUP HAS SO FAR WATERED DOWN SEVERAL
PROVISIONS SUCH AS THE PROPOSAL FOR RATIOS TO REGULATE
SOLVENCY AND LIQUIDITY REQUIREMENTS. COMMISSION
OFFICIALS SAY MEMBER STATES' ENTRENCHED POSITIONS
HAVE BOGGED DOWN THE DISCUSSIONS. THEY CONSEQUENTLY
PLAN TO ASK THE PERM DELS TO GIVE PRIORITY TO THIS
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PROPOSAL AND TO RAISE THE LEVEL OF WORKING GROUP

PARTICIPANTS TO DEPUTY CENTRAL BANK GOVERNORS.

3. PERM DEL OFFICIALS SAY THE MEMBER STATES DISAGREE ON SEVERAL MAJOR PROVISIONS. THE DIRECTIVE CURRENTLY COVERS ALL CREDIT INSTITUTIONS BUT SEVERAL DELEGATIONS, SUCH AS THE UK, WOULD LIKE TO NARROW COVERAGE TO ONLY COMMERCIAL BANKS. BECAUSE OF DIFFERENT MEMBER STATE LICENSING REQUIREMENTS, THE WORKING GROUP IS ALSO AT ODDS ON HOW TO LICENSE EC BANKING INSTITUTIONS. MEMBER STATES AGREE ON THE PROPOSED ESTABLISHMENT OF A CONTACT COMMITTEE BUT THEY DIFFER OVER THE STRUCTURE AND POWERS OF SUCH A COMMITTEE.

4. THE COMMISSION HAS MADE SEVERAL MINOR REVISIONS TO THE DRAFT UMBRELLA DIRECTIVE. THESE REVISIONS REFLECT CHANGES SUGGESTED BY THE EUROPEAN PARLIAMENT AND THE ECONOMIC AND SOCIAL COMMITTEE. COPIES OF THE REVISED DRAFT DIRECTIVE WILL BE SENT TO WASHINGTON, AGENCIES, INCLUDING RPE/CLARK, AS SOON AS THEY ARE AVAILABLE. MORRIS

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